

Message Text

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DRAFTED BY:EXIMBANK:WJCASEY/TMORAN

APPROVED BY:NEA/ARP:FMDICKMAN

XMB:WJCASEY

SPECIAL CHARGE: EXIMBANK

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FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT IMMEDIATE

UNCLAS STATE 097883

FOR AMBASSADOR STOLTZFUS FROM CASEY

E.O. 11652: N/A

TAGS: EGEN, KUWAIT

SUBJECT: VISIT OF CHAIRMAN CASEY, EXIMBANK TO KUWAIT

REF: STATE 091080

DURING FORTHCOMING VISIT EXIMBANK CHAIRMAN CASEY WANTS TO EXPLORE POSSIBILITY OF COOPERATION BETWEEN EXIMBANK FINANCING CAPABILITIES AND KUWAIT'S INVESTMENT AND INDUSTRIAL DIVERSIFICATION INTERESTS. CASEY BELIEVES SEVERAL AREAS OF POSSIBLE COOPERATION SHOULD BE EXPLORED:

1. PROJECTS IN KUWAIT. EXIMBANK WOULD LIKE TO INCREASE U.S. EXPORTS TO KUWAIT. WANT TO PRESENT FOR REVIEW SUBSTANTIAL LIST OF SPECIFIC INDUSTRIALIZATION PROJECTS FOR WHICH EXIMBANK HAS DEVELOPED FINANCING PACKAGES. THESE PROJECTS AND EXIMBANK'S FINANCING EXPERIENCE AND KNOW-HOW MAY INDICATE PROJECTS WHICH KUWAITIS MAY WANT TO CONSIDER THERE WITH OR WITHOUT EXIMBANK

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FINANCING.

2. EXIMBANK'S NORMAL FINANCING PATTERN IS 10 PERCENT CASH, 45 PERCENT EXIMBANK LOAN AT 7 PERCENT, AND 45 PERCENT LOAN FROM OTHER SOURCES AT MARKET RATE OF INTEREST. NON-EXIMBANK LOAN MAY OR MAY NOT BE GUARANTEED BY EXIMBANK DEPENDING ON CIRCUMSTANCES OF TRANSACTION. IN VIEW OF FINANCIAL STRENGTH OF KUWAIT, EXIMBANK WANTS TO EXPLORE VARIATIONS IN THAT PATTERN IN KUWAIT AND ELSEWHERE WHICH MIGHT PROVIDE INVESTMENT RETURN FOR KUWAIT AND CONSERVE EXIMBANK FUNDS.

3. PROJECTS IN THIRD COUNTRIES. EXIMBANK ALSO WOULD LIKE TO EXPLORE WAYS OF RELATING ITS FINANCING TO ACTUAL AND POTENTIAL KUWAITI FINANCIAL INTERESTS IN OTHER COUNTRIES. FOR EXAMPLE, RECENT EXIMBANK FINANCING OF AIRPLANES FOR SUDAN WAS MADE POSSIBLE BY SAUDI ARABIAN GUARANTEE OF SUDANESE EURO-CURRENCY BORROWING. PROJECTS IN WHICH EXIMBANK MAY BE INTERESTED MIGHT BE FINANCED WITH KUWAITI PARTICIPATION IN A MANNER WHICH WOULD PROVIDE KUWAIT WITH INVESTMENT RETURN, CONSERVE EXIMBANK FUNDS, GENERATE U.S. EXPORTS AND MAKE SIGNIFICANT DEVELOPMENT CONTRIBUTIONS TO THIRD COUNTRIES. SOME COUNTRIES OF PARTICULAR INTEREST TO KUWAIT HAVE SUBSTANTIAL DEVELOPMENT PROGRAMS WHICH EXCEED EITHER THE AVAILABILITY OF EXIMBANK FUNDS OR THE ABILITY OF BORROWER TO PROVIDE SUFFICIENT ASSURANCE OF REPAYMENT TO SATISFY EXIMBANK'S LEGAL REQUIREMENTS. KUWAIT MIGHT HAVE AN INVESTMENT, POLITICAL, OR OTHER INTEREST IN PARTICIPATING OR GUARANTEEING SOME OF THIS FINANCING.

4. EXIMBANK SHOULD ACQUIRE SUFFICIENT UNDERSTANDING OF OBJECTIVES, PROCEDURES AND POLICIES OF GOVERNMENT FINANCE INSTITUTIONS, KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT, ISLAMIC DEVELOPMENT BANK, OTHER MULTILATERAL INSTITUTIONS AND PRIVATE LENDERS TO DETERMINE WHERE AND HOW EXIMBANK CAN WORK WITH THESE INSTITUTIONS TO MUTUAL ADVANTAGE.

5. CASEY PLEASSED TO ACCEPT OFFER TO STAY AT AMBASSADOR'S RESIDENCE. RUSH

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